

GOV DOC

BRA
3271

BOSTON PUBLIC LIBRARY



3 9999 06583 437 4

MAINTAINED
BOSTON PUBLIC LIBRARY
1971



OPERATIONS HANDBOOK
FOR FINANCING OF
MULTI-DWELLING HOUSING
(REVISED 11/1/71)



MHFA

Massachusetts Housing Finance Agency
Old City Hall
45 School Street
Boston, Massachusetts 02108
(617) 723-9770

J12

M2

Massachusetts Housing Finance Agency
Old City Hall, 45 School Street
Boston, Massachusetts 02108

AGENCY MEMBERS

Chairman
John Ryan
President
Ryan, Elliott & Company
Term expires
September 6, 1973

Treasurer
Gordon E. Emerson, Jr.
Executive Vice President
Cabot, Cabot & Forbes
Company
Term expires
September 6, 1974

Vice Chairman
Norman McIntosh
Vice President
Provident Institution for
Savings in the Town of
Boston
Term expires
September 6, 1971

Leon Charkoudian
Commissioner
Massachusetts Depart-
ment of Community
Affairs
Member ex officio

Chester N. Gibbs
Chester N. Gibbs
Associates
Term expires
September 6, 1974

Cleo E. Jaillet
Commissioner
Massachusetts Depart-
ment of Corporations
and Taxation
Member ex officio

STAFF

William White
Executive Director

Pat Goeters
Chief of Operations

David Wylie
General Counsel

Philip Roderick
Senior Mortgage Loan
Officer

Barbara Berger
Comptroller

Chike Enwonwu
Design Review Officer

Stan Gibson
Relocation and
Management Officer

Robert O. Stein
Technical Officer

Edward Bryson
Home Ownership
Program Director

Joy Conway
Public Information
Officer

Lois Barry

Rosalie Bingham

Samuel Bodkins

Wim Bole

Anne Bromer

Richard Campana

Robert Duarte

Brian Frawley

Mildred Guirand

Douglas Harin

Eileen Hawkins

Matthew Hobbs

Richard Howrigan

Susan Kessler

Margery Luenig

Joan McGinness

Sheila Monaghan

Joseph Murphy

John Otis

Nancy Park

Carolyn Parrish

C. Reed-Workman

Judith Rogers

Carl Saunders

Lorraine Sitewick

Auntie Toppin

Marvin Waterman

| | |
|-------------------|----------|
| First Publication | 7/15/69 |
| Draft Revision | 1/15/71 |
| Draft Revision | 3/ 1/71 |
| Revision | 11/ 1/71 |

OPERATIONS HANDBOOK
FOR
MORTGAGE LOAN FINANCING
OF
MULTI-DWELLING HOUSING

| Table of Contents | Page |
|---|------|
| Who We Are, What We Do, Who Is Eligible | 1 |
| How to Apply - Processing Sequence | 2 |
| Phase I. Preliminary Submission | 3 |
| Site Information Form | 3 |
| Development Team Information | 3 |
| Financial Statement | 3 |
| Phase II. Application | 4 |
| Developer's Fee and Equity | 4 |
| Syndication Proceeds | 5 |
| Tenant Selection Plan | 5 |
| Relocation Plan | 8 |
| Management and Operation Plan | 9 |
| Market Study | 11 |
| Preliminary Design & Outline Specifications | 12 |
| <u>*COMMITMENT*</u> | |
| Phase III. Closing | 14 |
| Phase IV. Construction | 18 |
| Phase V. Rent-up and Occupancy | 21 |
| Appendices | |
| 1. MHFA History and Purpose | |
| 2. Schedule of Fees | |
| 3. Rent Schedules and Income Limitations | |
| 4. Other Programs | |
| 5. MHFA Preliminary Site Form | |
| MHFA Development Team Form | |
| MHFA Application for Mortgage Financing | |



Digitized by the Internet Archive
in 2010 with funding from
Boston Public Library

Who We Are

The Massachusetts Housing Finance Agency (MHFA) is an independent state agency in the Department of Community Affairs, established in the fall of 1968 and governed by a seven-member board. Its function is to make both construction and permanent loans at below conventional market rates.

The Agency operates at no cost to Massachusetts taxpayers and does not add to the State debt. It raises its money through the sales of tax-exempt bonds and bond anticipation notes to private investors. This money, in turn, is made available to make low-interest loans to limited dividend and nonprofit housing sponsors. Agency fees charged to borrowers make the Agency self-supporting.

What We Do

The Agency's purposes are:

1. to finance the construction and rehabilitation of well-planned, well-designed housing to be made available at low and moderate rentals.
2. to provide housing in areas where there exists a shortage of decent, safe and sanitary housing at suitable low rents.

The MHFA wishes to finance the development of housing which will be responsive to the most critical housing needs of the housing market area which it will serve and which will:

1. be well designed and constructed;
2. make a positive contribution to the physical, social and economic development of the community;
3. be responsive to the needs and tastes of its occupants;
4. provide housing for persons and families of low income, and
5. achieve social and economic integration.

Who Is Eligible

The MHFA is authorized to make first mortgage loans to private sponsors, joint ventures, partnerships, limited partnerships, trusts, corporations, cooperatives or condominiums - whether nonprofit or limited dividend - to finance the new construction or rehabilitation of multi-dwelling housing projects designated and planned to be available at low and moderate rentals. At least 25% of the units in each project must be rented to persons and families of low income, and the remaining 75% must be made available for persons of mixed income levels. MHFA may loan up to 100% of the project cost for non-profit sponsors and up to 90% to other owners or developers.

How To Apply

The processing sequence to obtain a MHFA loan for new construction or rehabilitation of multi-dwelling housing consists of two phases. These phases may be done separately or in one phase to suit the sponsor/developer.

Phase 1:

A PRELIMINARY SUBMISSION which leads to a conference to determine whether or not an application for mortgage financing may be invited.

Phase 2:

AN APPLICATION for mortgage financing whose evaluation by MHFA determines whether or not the Agency will issue a mortgage loan commitment.

In the event that MHFA makes a mortgage loan commitment, three additional phases follow:

Phase 3:

CLOSING which necessitates the final submission of the mortgage loan application including working drawings, specifications, legal, business and construction arrangements.

Phase 4:

CONSTRUCTION, during which time MHFA field inspectors will visit the job to insure that the construction is proceeding according to plans and specifications.

Phase 5:

RENT-UP AND OCCUPANCY must proceed according to the tenant selection plan and management plan submitted by the developer and approved by MHFA.

PHASE 1

Preliminary Submission

The preliminary submission calls for:

1. Site Information Form (Appendix 5)
2. Development Team Information (Appendix 5)
3. Financial Statement certified by a Public Accountant, including current balance sheet
4. Site Inspection Fee (see Fee Schedule, Appendix 2)

Site Information

The selection of the site is critical. It must be one that will support the value of the market rent units in the project. It should have the amenities necessary for comfortable living. It must also take into account the problems associated with economic and social integration. A preliminary Site Information Form (see Appendix 5) should be submitted with (1) a map indicating the site location and general plan of the area, (2) plan or sketch of site showing boundaries, streets, existing building, casements, etc.

Projects which are proposed for a Model Cities or Urban Renewal area must have a formal approval by those agencies before closing. In areas where there are strong neighborhood groups, evidence must be furnished to MHFA of attempts to extensively cooperate with such groups.

DEVELOPMENT TEAM

While the sponsor or mortgagor will be the entity which is legally responsible to the MHFA, the Agency will evaluate the application on the basis of the combined ability of the entire "development team", including the sponsor/developer, architect, lawyer, contractor, manager and any other consultants. The sponsor/developer will also describe all contractual and financial and familial relationships among the individuals who make up the development team. A development team information form should be completed and submitted together with such additional materials as will describe the experience and competency of each of its members.

MHFA WILL TAKE NO ACTION ON AN APPLICATION UNTIL THESE FOUR ITEMS ARE SUBMITTED.

PHASE 2

Application

An application for mortgage financing begins with the form provided by the Agency. It should include full economic information about the project, including estimated income and operating and fixed expenses and the estimated development costs of the project. Reasonable provision, subject to approval by MHFA, will be allowed to enable recruitment and training of minority group employees for work in the construction and operation of the project.

In the Application Phase, the following will be required of the sponsor/developer:

1. Application for Mortgage Financing form (see Appendix 5)
2. Tenant Selection plan in accordance with MHFA and DCA regulations
3. Management and Operating Plan
4. Relocation Plan
5. Market Study including comparable rents
6. Preliminary Design and Outline Specifications
7. evidence of ownership or control of site
8. evidence of property tax arrangement (if outside Boston)
9. balance of the application fee (see Appendix 2)

The following pages briefly describe items 2 through 6 listed above.

The Agency will evaluate the application for mortgage financing to determine the feasibility of the housing development proposal and whether the Agency will issue a mortgage loan commitment.

The MHFA will endeavor to evaluate and process for commitment any application submitted in entirety 10 days before its monthly board meetings. Submission of parts of an application delays processing.

DEVELOPER'S FEE AND EQUITY

If there is an identity of interest between the mortgagor and the contractor, whether a single business identity or a joint venture, MHFA will allow a developer's fee up to 10%. This percentage will be based on all costs except land. The fee should include all overhead and profit, without separating them.

If the mortgagor is separate from the contractor, the contractor's overhead and profit will be included in the construction costs on the mortgage application form. (It will not be shown separately there but will be on Schedule B of the Construction Loan Agreement and the various requisitions.) The developer's fee will be the same as above, limited to 10% of all costs except land.

If there is a difference between the price paid for the land and the value we allow for the land, this difference can be pledged toward equity.

SYNDICATION PROCEEDS

It is the policy of the MHFA that the profits from syndication are not available to the developer until the project is completed. Certain legitimate fees and expenses may be taken down at the closing; however, the profits on syndication are to be held in escrow and available as security and can be drawn if there are serious over-runs or other financial problems as the job progresses.

TENANT SELECTION

Approval of a tenant selection plan is a statutory precondition to the Agency's making a loan commitment. The purpose of a tenant selection plan is to establish criteria and procedures by which tenants will be recruited and selected to assure that selection will be accomplished with fairness and with responsiveness to the needs and interests of the community in which the project will be located.

1. Eligibility Requirements

The following requirements should be written into the sponsor's Tenant Selection Plan.

- a. Maximum income limits for each type of unit and each rent level. To obtain these limits for the subsidy programs you intend to use, contact the following agencies.
 - (1) Local Housing Authority or HUD for Section 23 or Section 10C Leasing Programs.
 - (2) Department of Community Affairs or the Local Housing Authority for the Commonwealth Chapter 707 Programs.
 - (3) MHFA or HUD for Section 236 or Rent Supplement program. (See Appendix 4 for further Description of Subsidy programs. See Appendix 3 for further information on Rent Schedules).
- b. The Department of Community Affairs or such other agency as the Department may from time to time designate (usually the Local Housing Authority), shall have the right to designate tenants, who are otherwise eligible, for units renting at the adjusted rental as such units become available, either in the initial rent-up or as vacancies thereafter occur.

- c. All phases of the tenant selection process, from the notices advertising the availability of the units, to the on-site signs advertising the housing, to the actual selection of tenants, will pledge that the housing will be made available to persons and families regardless of race, color, creed or national origin.
- d. Additional eligibility standards should be objective and clear. If the sponsor is using the local Housing Authority program, those low-income tenants occupying leased units will be subject to all eligibility criteria and guidelines as set forth by the local Housing Authority. If the sponsor is using one or more of the Federal Subsidy Programs, tenants under a particular program will be subject to all eligibility criteria and guidelines as required by HUD. For example, the local Housing Authority will have maximum income limitations set, as does HUD for the 236 program. Rent Supplement candidates must be eligible according to income, assets, and restrictions. In addition, all tenants occupying 236 Interest Subsidy units must be approved by MHFA prior to moving in.

If a sponsor is not familiar with the 236 Interest Subsidy and Rent Supplement programs, he should contact HUD to obtain information.

For the remainder of the units, for the purpose of initial selection, an applicant's maximum annual gross income limit may not exceed six times the annual rental of the unit he is to occupy. Additional tenant eligibility criteria may be established as the sponsor so desires. At any of the above levels, it should be written into the Plan that tenant selection will be carried out in a manner to ensure that the public interest is served without favoritism or partiality at all times.

To ascertain eligibility on a continuing basis, MHFA and HUD require recertification of each tenant at least once every two years, except for Rent Supplement candidates where recertification is required each year. Describe recertification procedures in your Tenant Selection Plan.

2. Priorities

MHFA's priorities, which are the following, must be in the Plan as they are written below:

- a. Between applicants equal in need and eligible for occupancy of the unit, preference shall be given to persons displaced by public action or natural disaster.
- b. One quarter of the 25% low-income units must be made available to families or individuals receiving Public Assistance.
- c. Between applicants equal in need and eligible for occupancy of the unit, preference shall be given to persons displaced by private action beyond the control of the applicant.

Any additional priorities which the sponsor intends to recognize should be described in an order of preference. Such priorities must be objective and measurable and may be like the following:

- Families and individuals living in substandard housing.
- Families and individuals paying rent in excess of their means.
- Between applicants equal in need and eligible for occupancy, applications will be accepted in chronological order by date of initial application.

3. Publication

In detail, the Plan must describe the means by which you intend to publicize the availability of the units on a comprehensive, community-wide basis. Specifically, name the newspapers and the radio stations through which you will advertise. In addition, list those public and private agencies which are familiar with housing needs of low-income families and individuals that will publicize the availability of your units. The text of all notifications and publications regarding the availability of the apartments should be supplied to the Agency sufficiently in advance of final printing so that the Agency may comment, make suggestions, and then approve the notification.

4. Processing Applications and Instructions to Applicants

The Plan must include a step-by-step description of the application and selection process. For example, when will applications be taken? Who will be handling the processing of the applications? Will applications be taken on-site? Will each applicant have a personal interview? How do you intend to handle credit checks? Which information on the application will be verified by your office? How will updating of your waiting lists be handled? Submit to the Agency a copy of all of the forms applicants will be required to complete. Write into your plan that no tenants are subject to a security deposit or application fee. No credit check fee is to be paid by the tenants. In addition, write in the plan that as vacancies occur, tenants will be selected from the waiting list in accordance with the priorities.

Be sure to include in the Plan that tenants will receive a brochure introducing them to their new home. Describe your tenant education program.

Include in the Plan that MHFA shall have the opportunity to make comments and suggestions, and approve all such forms and procedures.

5. Tenant Advice and Groups

The sponsor must include in his submission the means that he will employ to seek the opinions and advice of tenants regarding Tenant Selection policies and procedures. In addition, comment on your intentions and feelings as to the formation of a tenants' group.

6. Cooperatives and Condominiums

If the mortgagor intends to convert the apartments to cooperatives or condominiums, include in The Plan an explanation of the coordination of this process with the Tenant Selection procedure. In addition, indicate the method you will use on an on-going basis after conversion for tenant selection and/or the sale of shares of dwelling units.

7. Commercial Space

If the application is to include commercial space, the Plan should contain provisions designed to cover this area.

RELOCATION

In the event that the proposed projects will result in the displacement of any person, family or business, the proposal should include a summary of the local public resources, and if the relocation displacement is not subject to a public relocation program, the applicant's proposal must set forth a relocation plan which insures that relocation will take place in a manner which will not result in undue hardship to the individuals involved.

Other Requirements

In addition to a comprehensive and detailed Tenant Selection Plan, other items which will be required, if applicable, are the following:

- If the submission is located in an urban renewal area, a letter from an appropriate person at the urban renewal agency is required. It must state that, in fact, your property is located in an urban renewal area and that the agency is aware of and in favor of your plans. In addition, if there is a project area committee, the sponsor needs written endorsement from that group.
- If your submission is located in a Model Cities area, letters similar to the above mentioned are required. You may need three letters - from the sub-area board, the housing committee, and the Model Cities Agency.
- If you are going to participate in the Leased Housing program, a letter from the Executive Director of the local Housing Authority is needed. The letter must state not only the cooperation and willingness of the Authority to enter into the program, but also that funds have been allocated for your particular application. Any preference as to the size of unit that the Executive Director will accept for leasing must be indicated at this time, as well as the rents which he is able to pay.

MANAGEMENT

It is the policy of MHFA to help provide an excellent physical and social environment in any development to which funds are committed.

A Management Plan must be submitted to MHFA prior to commitment. The plan should include the following information and should follow the general format.

Management Staff

Please include resume and qualifications of property manager and resident manager. If a management firm is to be used, include in the resume a list of properties currently being managed by them, where these properties are located, what size and how many units they comprise, what type of units in terms of luxury, low or moderate income, elderly, etc. In addition please furnish answers to the following questions:

- number of full and part-time personnel.
- duties of manager, assistant manager, janitors, porters, secretary, etc.
- what staff will live on-site?
- will managerial/maintenance staff be selected from community residents whenever possible and will training in specific areas be offered?

Maintenance and Repair Program

Please furnish specific answers to the following issues:

- explain what type of maintenance agency will be used, what types of maintenance problems will be handled by an outside agency and which problems will be handled by on-site personnel.
- how will landscaping be handled? Break-down into seasonal and weekly maintenance.
- explain maintenance in terms of community areas, swimming pool, grounds, public walkways, halls, etc.
- procedures for snow removal and trash collection.
- how often will the buildings be exterminated?
- procedures for elevator maintenance, rug cleaning, household appliance repairs, etc.
- will a maintenance work and storage area be provided?
- procedures for tenants to report maintenance complaints.

- will request forms be used and if so, how? (All forms to be used must be submitted to MHFA for approval prior to their distribution.)
- will there be a 24-hour answering service for emergencies and to whom will it be connected?
- procedures for fixing typical repairs, such as stopped drains, broken disposals, etc.
- how will specialized repair services be handled, e.g., heating, major electrical repair, plumbing, etc.?

Security Provisions

What types of physical safety measures will be provided in the development so as to create an atmosphere of security for the residents? Please be specific as to the type of security system to be used, e.g., intercoms, closed-circuit TV, staff living on-site scattered throughout complex, security guards, flood lights, etc.

Rent Collection

Please address the following issues specifically:

- how will rents be collected, e.g., on-site, through the mail, use of coupon books, pre-addressed forms, etc.
- how will rent arrearage be handled? Personal contact should be made with residents delinquent in rent payment to determine reasons for tardiness and if additional subsidy is needed, e.g., converting from market to 236 or from 236 to rent supplement or leasing. Whether a tenant is in arrearage due to a temporary situation or if he is a chronic poor payer should also be determined.
- outline time schedule for handling rent arrearage, including eviction policy and its time schedule.
- who will decide on evictions?

Record Keeping

The MHFA should be kept informed of vacancies by unit type and housing subsidy program on a monthly basis, and should be kept informed of recertification procedures for all tenants. Please answer the following.

- detail accounting procedures.
- where and how will tenant records be kept?

Pre-Occupancy Orientation

Please describe your proposed procedure for:

- educating tenants to the proper care of their own apartment.
- explaining use of appliances and facilities of the development.
- explaining the rights of management and residents and the rules and regulations of the complex.
- who will implement this program and how will it remain on-going if deemed necessary?

Communication with Residents

Will a periodic resident survey be used to determine if management is doing its job well; will a newsletter be issued; will a suggestion box or bulletin board be used?

Any differences of opinions which are not settled satisfactorily between tenants and management should be submitted to the MHFA Management Officer for binding arbitration.

Management should have available a list of resources and referrals for residents in need of specific social services, such as health care, homemaking and family guidance services, child care, job training, etc.

MARKET STUDY

The basic reason for a market study is to determine what kind of development should be built and how it should be built.

The general result of your market study should indicate the types of units to be built, the mix of the units (numbers of one bedroom, two bedroom, etc.) the size of the apartments acceptable in the market place, the rental levels, and the kinds of amenities necessary for your development.

These factors should be analyzed in relation to local income levels, the make-up and character of the people in your market area, competitive housing developments, political restrictions (zoning codes, etc.), and the present and projected economic condition of your market area.

Your market study should be based on market demand, both present and future. Since MHFA projects involve low, moderate, and market rents, the study should cover demand at each of these levels. Local agencies and officials dealing with low and moderate income persons should be contacted. If a local housing authority exists, include information on its attitude toward project, the availability of funds and rent schedule for leased units.

Upward Range Rents

Your market study should support the marketability of the upward range rents to be developed in your project. To do this we require you to give us information on competitive comparable developments in your market area. These should be new construction or rehabilitation, depending upon your submission, constructed within the last 5 years. Include the name and location of the development, management agent, total number of units, breakdown of bedroom mix, square footage of units, rentals for the different units, utilities and services included or excluded in the base rent, number of vacant units, other amenities, if any, and your comments on the strengths and weaknesses of the development. When your project application is worked out, the market rents should be supported by the above information.

Basic Shelter Rent

The MHFA statute requires the agency to make a finding of the minimum rent at which older (up to 50-60 years old) standard housing is currently available. To be standard, the housing units must be decent, safe and sanitary. Your study should include the minimum rental ranges for such housing in your market area covering each of the bedroom sizes planned for your project. Indicate the source of your information, the volume upon which your figures are based and the number of vacancies or waiting list applicants.

Elimination of Housing

Your market study should show elimination of housing within your general housing market area by demolition, condemnation, and highway construction in the past and projected for the next five years.

PRELIMINARY DESIGN AND OUTLINE SPECIFICATIONS

The MHFA staff architects wish to work cooperatively with the development team's architect and ask that they be contacted at convenient stages during the design development and working drawing stages.

It is the intention of MHFA to finance housing of the best quality possible. In cases in which the architect does not have qualifications acceptable to MHFA in either design or construction of quality housing, MHFA may require as a condition to approving the loan that the developer's architect associate himself with an architect possessing these qualifications.

The drawings submitted should be adequate to enable a cost estimate to be done. The outline specs should indicate exact levels of quality of materials to be used.

MHFA finances both new and rehabilitated housing. The agency does not feel that there should be a separate set of design criteria for rehabilitation. It should have all the amenities of new constructions:

MHFA's Design Review Staff will look for the following features in all projects it finances:

- space set aside for community functions; toilet facilities should be provided as part of this area. Storage facilities and ventilated laundry facilities should also be included.
- recreation facilities should be included as a part of its overall design. Some examples are: tennis courts, basketball courts, swimming pools, shop with lockers for tools, photography darkroom, exercise room, sauna, etc. These facilities should be carefully thought out and related to the size of the project and the type of tenants.
- Three and four bedroom apartments should not begin over 1 1/2 stories from the ground.
- Buildings taller than 3 1/2 stories should have elevators.
- All apartments should be air conditioned.
- No bedroom shall have any clear dimension of less than 10'-0".
- All apartments should provide a refrigerator, range and disposal.
- Three bedroom apartments should have at least 1 1/2 baths and four bedrooms and larger 2 baths.
- Three bedroom apartments and larger should have a den or a dining room separate from the kitchen.
- Any project with more than 100 bedrooms should provide a program and facilities for children's day-care.
- Any existing exposed brick, interior or exterior, will be steam-cleaned or sand-blasted and completely repointed.
- No plywood or concrete block products should be used as an exterior wall material, except as fencing.
- All bathrooms should have ceramic tile on the floor and ceramic tile around tub. Fiberglass tubs, vinyl asbestos tile or carpet flooring are not acceptable in bathrooms.
- Shelves and by-folding doors shall not be made of metal.

PHASE 3

Closing

The applicant's lawyer should be in close touch with the MHFA's legal staff to insure that all the papers, instruments, and documents necessary for presentation at the closing are prepared in sufficient time.

MHFA will provide a closing agenda to the applicant's lawyer in sufficient time before the closing to assure that all necessary details will be arranged for. Documents and instruments which will be required at this time will include the following:

1. Mortgage Note (MHFA 1).
2. Mortgage (MHFA 2).
3. Regulatory Agreement (MHFA 3).
4. Construction Loan Agreement (MHFA 4). Approval by the Chief of Operations should be secured for Schedule B (Trade Payment Break - down) before submission to Legal Department.
5. Security Agreement and Uniform Commercial Code Financing Statements (MHFA 8).
6. Governing Instrument of mortgagor entity. (Articles of Incorporation, Partnership Agreement, or Trust Instrument). In the case of a mortgagor entity which is to be newly formed, it is advisable to submit the instrument while it is in draft form, prior to its execution. Partnership Agreements must comply with the requirements which are contained on a separate page of MHFA instructions. In the case of a limited partnership, a copy of a Certificate of Limited Partnership, Certified by the Secretary of the Commonwealth will be required.
7. In the case of a Partnership, a "doing business" certificate must be filed in the municipalities where the place of business and the project site are located.
8. Certificates of Vote or other evidences of proper authorizations for execution of documents on behalf of Mortgagor and every party in a contractual relationship with Mortgagor in connection with design and development of the project, including the seller of the land, architect, and contractor.
9. Evidence of Mortgagor's ownership of site. (Deed, or Purchase and Sale or Option Agreement, with the land price evident.)
10. Survey of Land by licensed surveyor, certified to MHFA as complete and accurate, in conformity with the description proposed for use with the title insurance policy.

11. Opinion of Counsel assuring that the project will conform to local zoning requirements. This opinion should: -- indicate that the zoning provisions with respect to which the project is believed to conform were validly and properly adopted; review the pertinent land use, dimensional and other applicable provisions of the zoning requirements, as well as the procedures and validity involved in the adoption of any zoning code changes, variances, and special conditions or requirements for the project; state that if the project is constructed in accordance with the approved plans and provisions might constitute spot zoning; and analyze any pending zoning changes which would affect the project. A copy of the zoning ordinance, a zoning map, and complete documentation of actions on variances, etc., must also be submitted.
12. Title Insurance Policy or binder in policy form, setting forth all conditions and exceptions which will appear on the policy.
13. Certificate of Municipal Liens.
14. Builders Risk, Comprehensive Liability, Workman's Compensation, and Rental insurance policies or certificates of insurance, in amounts and other details which comply with the terms of the Construction Loan Agreement and Mortgage. MHFA to be named as a party insured and expressly granted a right of twenty (20) day notice prior to cancellation. In any case in which the policy will not have issued at the time of closing, a binder (or, in the case of rental insurance, a letter of intent to issue) must be provided. No disbursements for premiums will be made unless a policy or insurance company receipt for payment is presented.
15. Construction Contract with evidence of due authorization for execution on behalf of each party. The Contractor must agree to complete the job for a stated amount, and to assist the Owner to fulfill all of the Owner's obligations to MHFA under the Construction Loan Agreement including Compliance with cost certification requirements. Schedule A (schedule of Plans and Specifications) and Schedule B (Trade Payment Breakdown) of the Construction Loan Agreement must be attached and expressly incorporated by reference in the Construction Contract. No portion of a fee payable to the contractor entity may be pledged as equity unless (i) the contractor entity is an owner of the Mortgagor entity, so that any risk that the fee cannot be recovered at a later date from the non-project related income of the Mortgagor entity such as syndication proceeds, will be taken by the contractor as an owner rather than as a third party claimant against the project, or (ii) the Mortgagor entity owns the contractor entity (through actual, beneficial ownership, not merely a joint venture arrangement) and thereby is entitled in its own name to forego cash receipt of the contractor's fee.
16. Architect's Contract with evidence of due authorization for execution on behalf of each party.
17. Building Permit.

18. Contractor's Certificate that prevailing wages will be paid. (MHFA 5a)
19. 100% Performance Bond, and 100% Labor and Material Bond, complying with the requirements of the Construction Loan Agreement. In the event of unusual problems associated with bonding, application should be made to the Executive Director for substitution of a letter of credit.
20. Form of Management Contract (MHFA 7) (execution not required at this time).
21. Schedule of anticipated monthly requisitions for mortgage proceeds over term of the construction loan.
22. Check to MHFA for Agency fee in amount of 1% of the loan. (May be delivered at the time the first disbursement of loan proceeds is made.)
23. Evidence of final approval of whatever additional subsidy program is being provided for, such as a leasing commitment from the local housing authority accompanied by a Federal or Commonwealth rental assistance agreement, or a Federal commitment for a Section 236 interest subsidy.
24. Final plans and specifications, previously approved and signed by the Architect, Owner, and MHFA Design Department.
25. When shares of the Owner are to be sold to investors, (i) an opinion of counsel must be furnished that the sale will not violate any applicable Federal or State Securities Acts, and (ii) its Owner must agree with MHFA that the net proceeds of the sale will remain as assets of the Owner until the issuance of MHFA's Certificate that the project has been completed.
26. When a condition of the MHFA loan commitment is that a Chapter 121A entity be formed, full documentation of the application and approvals by local and state authorities must be submitted. When 121A is not required, there must be submitted evidence that the municipality will accept tax payments at the level reflected in the "Projected Annual Operating Statement" portion of the MHFA application.
27. When the site is located in an Urban Renewal project area, additional documents and actions, described on a separate page of MHFA instructions, must be complied with.

A closing date for execution of the mortgage documents will be set within a week following receipt of all of the foregoing papers, properly drawn and executed (except items 1-5, which MHFA will prepare). Following closing, the papers will be held in escrow by MHFA until they have been reviewed by bond counsel and until MHFA's bond anticipation notes, which will fund the loan, have been sold. Following sale of the notes, the initial interest rate will be inserted in the Mortgage Note, the Mortgage will be recorded and the title insurance policy issued, and the first disbursement of mortgage proceeds will be made. The first disbursement will occur about one week following the execution of the mortgage documents. Upon advice from the MHFA Comptroller as to which bank will be Paying Agent

and Depository for the note issue, the Mortgagor should open a project account at the same bank, to receive transfers of disbursements from MHFA project note account. A check for the 1% MHFA fee may be drawn on the Mortgagor's new account and will be held by MHFA until the account has been funded by the first disbursement.

PHASE 4

Construction

The Agency will maintain a close liaison with the owner, architect and contractor from the commencement of construction to the completion of each MHFA funded project.

A scheduled and comprehensive program of surveillance and inspection will be adhered to throughout the construction phase to insure strict contractual compliance with the plans and specifications. For the successful prosecution of this program, the mortgagor is required to furnish the Agency with the following information:

Before Closing:

- The firm construction commencement date.
- An estimated schedule of progress payments.

Before Construction Starts:

- A realistic detailed construction schedule with anticipated completion date.

During Construction:

- No changes will be made in the plans or specifications without MHFA written approval. Copies of all proposed Change Orders together with relevant detailed cost breakdowns, working sketches, drawings or Shop Drawings must be submitted to MHFA for review, evaluation and acceptance prior to any commencement of work. All Change Orders to appear on AIA Document #G1701. Upon MHFA review and acceptance, authorization for a Change Order will be issued. No other type of claim presentation will be valid for payment consideration.
- Detailed lists of any inventory for which payment is requested. Material stored may not exceed 5% of any trade item and must be under lock and secure from theft.
- Each days pouring of concrete will be tested after 7 days and 28 days by an independent testing laboratory. The owner (developer) will pay this expense. Copies of the test results will be sent to MHFA and the developer's architect.
- Where feasible there should be weekly site meetings of representatives of the owner, architect, contractor, any major subcontractors, FHA (if involved), and MHFA.
- On all projects where the construction cost is under \$500,000 monthly requisition funds will not be released until the inspector has received and verified lien waiver from all subcontractors and material suppliers.

The release of lien will be through the date of the last requisition. In addition, the contractor will be required to sign a statement giving the exact amount, if any, of his indebtedness because of this job.

As the job nears completion; that is, where the mortgagor applies for progress payment which will bring remaining retainage to or below 10%:

- MHFA conducts an inspection with the owner, architect, and contractor and prepares a punch list.
- If the loan is FHA-insured, MHFA ensures that FHA has inspected the project, and that the MHFA punch list and the FHA punch list, if any, are not inconsistent. Subsequently, a final inspection and sign off must be made by both agencies.
- Upon completion of the punch list, the mortgagor will submit a letter to MHFA stating that the project is substantially complete. MHFA will inspect the project and, if it is complete, will sign the letter which will reduce the retainage to 5% and begin the 40-day mechanics lien period.
- Mortgagor submits a copy of the Certificate of Occupancy issued by the municipal authorities.
- Mortgagor submits an affidavit signed by the mortgagor and contractor that:
 - (i) Prevailing wages have been paid.
 - (ii) No further amounts are due.
 - (iii) Only materials, fixtures and equipment have been used to which the mortgagor has title
 - (iv) Everyone has been paid.
- Cost certification data must be completed by the mortgagor and submitted to MHFA.
- Vote is secured from MHFA Board authorizing issuance of Certificates of Approval and Acceptance pursuant to Section 23 of our Construction Loan Agreement.
- MHFA ascertains that hazard and liability insurance are in force in accordance with the requirements of the Mortgage.
- MHFA Certificate of Approval and Acceptance is issued and filed with the Registry and Deeds clearing the title of the restrictions imposed by the Construction Loan Agreement (but not of the Regulatory Agreement and Mortgage).

- MHFA releases U.C.C. Filings.
- At the time of making the final advance (the 5% retainage), MHFA must establish the mortgagor's equity (which then remains constant during the life of the Mortgage) for purposes of determining maximum distribution which a mortgagor may make every year an account of equity. (Section 5d of the MHFA statute). Documentation of this determination will be communicated to the mortgagor.

PHASE 5

Rent-up And Occupancy

With the start of rent-up the Tenant Selection Plan becomes an important part of the project development. Any deviation from the Tenant Selection Plan will result in a default on the mortgage loan. No tenant shall be signed to a lease without prior notification of the MHFA Tenant Officer.

Shortly after the start of construction an on-site sign must be erected on the property. MHFA requires the sign to include:

- Financed by the Massachusetts Housing Finance Agency
- Units available on an open occupancy basis

It is MHFA's relocation policy that any person or family displaced must be assured the opportunity to move back into the new project if they so choose.

About one month prior to initial rent-up a tenant location plan must be submitted to MHFA for approval. An economic and social mix according to size and type of apartment is required.

MHFA staff will make periodic visits to the project site to insure conformance with the Tenant Selection Plan, Management Plan, and Relocation Plan (if any).

No unit may be occupied without signed authorization of the Tenant Selection Officer.

Occupancy will be permitted only after a punch list has been made by the Technical Department, completed by the Contractor, and written approval given by the Management Department. The letter from the Management Department permitting partial occupancy will be so labelled. Partial occupancy as a general rule will be permitted one full building at a time where the project contains many buildings. In a multistory building, units may be scattered throughout the building but should be punched no less than 12 at a time. Unless it presents a hardship on the tenants, a complete floor should be done at one time.

Final permission to occupy: No more than 90% of a project may be occupied until a complete punch list on the project has been made and finished. The final permission to occupy should be issued by the Management Department after acceptance by the Technical Department and should represent the date of substantial completion and should begin the 40 day lien period.

For continued occupancy, recertification of every tenant is required. Those tenants renting at the market level must be recertified every two years. A tenant's maximum annual gross income limit may not exceed six times the annual rental of the unit. Candidates under a Federal subsidy program must be recertified at least once every two years (except for Rent Supplement candidates where recertification is required every year). Applicants must continue to be eligible according to HUD's income limits and restrictions.

MHFA HISTORY AND PURPOSE

MHFA was established by Chapter 708 of the Acts of 1966, as amended. It is an independent state agency in the Department of Community Affairs, but not subject to the supervision or control of that or any other department. It is governed by a 7-member board, one of whom must be an architect or planner, one experienced in real estate, and one experienced in mortgage banking, and ex officio, the Commissioners of the Department of Community Affairs and the Department of Corporations and Taxation.

The General Court granted a loan to MHFA in late 1968 and the Executive Director was appointed in November 1968. A major portion of the Agency's efforts during its first six months of operation consisted of establishing the constitutionality of its program. The Supreme Judicial Court of Massachusetts held the Agency constitutional in *Massachusetts Housing Finance Agency v. New England Merchants National Bank of Boston et al.*, 1969 A.S. 987.

Loans are restricted to 90% of project cost, but may go to 100% if the Mortgagor is a non-profit entity. At least 25% of the units in each project must be made available to persons and families of low income. Permanent loans are authorized for up to 50 years, but are limited to 40 years by policies of purchasers of MHFA bonds, for which MHFA's mortgage holdings will serve as security. Construction loans are also authorized. MHFA's funds are derived from the sale of tax-exempt bonds and notes, and its lending rates are determined by the amount which it pays in the bond market upon the issuance of such securities.

MHFA's first responsibility is to maximize the number of dwelling units for low income families which can be made available in the Commonwealth.

CHARGES FOR MHFA SERVICES

The Agency does not receive operating funds appropriated from tax revenues; accordingly, its operating expenses must be recovered from fees and charges made for its financing services. Since these charges are ultimately built into the rentals or other payments made by occupants of the housing financed by the Agency, the aim of the Agency will be to keep its charges at the lowest level consistent with the income required to provide its services in a timely and effective fashion.

The charges for the Agency's services in financing construction of multi-dwelling housing development are as follows:

Site Inspection Fee: With the preliminary submission (Phase 1), the sponsor is required to submit a non-recoverable fee as follows:
 \$50 if the project is expected to cost less than \$100,000;
 \$150 if the project is expected to cost more.

Application Fee: When a sponsor submits an application for mortgage financing (Phase 2), it must be accompanied by an additional nonrecoverable fee in accordance with the following schedule:

| <u>Amt. of mortgage applied for</u> | <u>Application fee</u> |
|-------------------------------------|--------------------------|
| Less than \$500,000 | site inspection fee only |
| \$500,000 to \$1,000,000 | \$100 |
| \$1,000,000 or more | \$350 |

Processing Charges: Charges which the Agency incurs incident to the processing of the application, such as fees for appraisals, title opinions, surveys, recording of documents, stamp taxes, etc., will all be included in the total cost of the project to be financed by the mortgage.

Financing Charge: When a mortgage loan transaction is closed (Phase 3), the mortgagor will be required to pay a financing charge in the amount of 1% of the amount of the mortgage.

The financing charge and the processing charges will be withheld from the mortgage loan proceeds paid to the mortgagor at the time of closing.

Mortgage Service Charge: The Agency's costs of servicing mortgage loans, whether for construction or permanent financing, will be recovered from the interest payments made by the mortgagor. Therefore, the interest charged by the Agency will be fixed at rates somewhat higher than the rates which the Agency's underwriters from time to time advise the Agency will have to pay on its bonds.

RENT SCHEDULES & INCOME LIMITATIONS

The MHFA statute requires that at least 25% of the units in each project be available within the means of low income persons and families. In order to accomplish this and to provide a representative income mixture, it is necessary to consider a complex variety of subsidy programs: Federal Section 236 and Rent Supplement, Federal Section 10c leasing and Section 23 leasing, the Commonwealth Chapter 707 program and the Commonwealth Interest Subsidy program. All except the Commonwealth Interest Subsidy program are described to some extent elsewhere in this handbook, particularly in Appendix 4. The Agency Staff should be consulted regarding the Interest Subsidy program for Massachusetts.

The sponsor should create a rent schedule which sets forth his proposed allocation of units by size of unit and amount of rental. For a thorough understanding of the requirements involved in creating such a rent schedule the MHFA statute must be examined, particularly section 6.

MHFA will submit to the sponsor a rent schedule for those units in the Project which must be available for occupancy within the means of low income persons and families. Such units must comprise at least 25% of the units in the Project. The rent schedule for the remaining units must comply with the following requirements of MHFA:

- a. they must be such as to insure a fiscally sound project;
- b. they must be subject to periodic increases when necessary to insure that they are not less than one-seventh the annual income of the respective tenants.

The establishment of these rent levels will depend in part on the skewing plan adopted by the applicant and in part upon such other public subsidies as the applicant expects to use. Where other subsidies are to be used, further instructions should be secured from MHFA regarding the mechanics of computing the "subsidized rental" referred to in the regulations above.

The following example may be of some assistance in doing the income limits required in the Tenant Selection Plan:

Example: The total number of units in the submission from All-Good-Things Development Company is 100. The breakdown in bedroom sizes is:

| | |
|----|------|
| 35 | 1 BR |
| 35 | 2 BR |
| 15 | 3 BR |
| 15 | 4 BR |

In order to meet MHFA's statutory requirements, 25 units will be leased under the federal program to the Local Housing Authority. The current maximum income limits, as stated by the Local Housing Authority, are as follows:

| <u>Family Composition</u> | <u>Unit Type</u> | <u>Admission Limits</u> | <u>Special Income Limits</u> | <u>Continued Occupancy Limits</u> |
|---------------------------|------------------|-------------------------|------------------------------|-----------------------------------|
| 1 person | Eff/1 BR | \$4000 | \$4800 | \$5000 |
| 2 persons | 1 BR | 4500 | 5400 | 5600 |
| 3 persons | 2 BR | 5000 | 6000 | 6200 |
| 4 persons | 2 BR | 5300 | 6300 | 6600 |
| 5 persons | 3 BR | 5600 | 6700 | 7000 |
| 6 persons | 3 BR | 5900 | 7000 | 7300 |
| 7 persons | 4 BR | 6200 | 7400 | 7700 |
| 8 persons | 4 BR | 6400 | 7600 | 8000 |

(\$100.00 deductible for each minor)

To reach the moderate income group of people, All-Good-Things Development Company will enter into the 236 program. The current regular (use the exception limits if applicable) 236 maximum income limits applicable to the town in question might be as follows:

| <u>Family Composition</u> | <u>Unit Type</u> | <u>Income Limits</u> |
|---------------------------|------------------|----------------------|
| 1 person | Eff/ 1 BR | \$5100 |
| 2 persons | 1 BR | 5900 |
| 3 persons | 2 BR | 6700 |
| 4 persons | 2 BR | 7200 |
| 5 persons | 3 BR | 7600 |
| 6 persons | 3 BR | 8100 |
| 7 persons | 4 BR | 8300 |
| 8 persons | 4 BR | 8600 |

For the remainder of the units, for the purpose of initial selection, an applicant's maximum annual gross income limit may not exceed six times the annual rental of the unit he is to occupy.

OTHER PUBLIC PROGRAMS WHICH SHOULD BE CONSIDERED FOR USE WITH MHFA FINANCING OF MULTI-DWELLING HOUSING

The MHFA financing program will generally prove only partially successful in lowering the rents to levels which can be afforded by low income persons and families. The extent to which interest rates can be reduced below rates charged by conventional lenders is controlled by the rates which MHFA must pay to sell its bonds on the bond market.

In order to insure the maximum potential for creating housing for low income persons and families, one of the standards which MHFA will use in evaluating an application for mortgage financing will be whether the applicant plans to use, to the best possible advantage, one or more individual public programs which can assist in reducing rents. Where the sponsor intends to employ programs, preliminary conferences with Federal and state administrators of the programs should have been held prior to the preliminary submission conference between members of the development team and MHFA staff.

The following is a brief summary of other available Federal and state programs for financing multi-dwelling housing.

Federal Section 236 Interest Reduction Payments for Rental Housing

Section 236 of the Housing Act of 1949 as amended in 1968 is the basic Federal program of subsidy for construction or rehabilitation of multi-family housing for low and moderate income families by non-profit, by limited-dividend, or cooperative housing sponsors.

Under this program HUD will pay to a bank or other lending institution such as MHFA, on behalf of the mortgagor, subsidies consisting of monthly interest reduction payments on loans whose interest rate does not exceed the FHA maximum permissible interest rate, which is currently 7%. These payments reduce the interest rate on a loan to one percent plus amortization. The resultant saving in interest cost is passed on to the housing occupants in the form of lower rents.

MHFA is working closely with HUD in making the 236 program available in projects financed by MHFA. HUD has allocated a limited share of the 236 funds to MHFA. Because federal mortgage insurance is not required in the case of state-financed projects, MHFA is able to submit an application for reservation of 236 and rent supplement funds on behalf of the sponsor after commitment.

The 236 program will be available to some MHFA-financed projects in accordance with determination by MHFA staff and availability of funds. Neither a Workable Program nor approval of local officials is required for housing to be assisted by this program. There is no established limit to the proportion of units in a multi-family project which may be assisted by interest reduction payments under the 236 program. This determination is made by the sponsor in conjunction with MHFA staff. MHFA does strive to include some market rent units in all of its projects.

Eligibility for occupancy in housing subsidized under Section 236 is subject to maximum income limits and certain other qualifications. Income must be re-certified by the sponsor every two years. Subsidized rents should be less than 135% of public housing limits but, in some cases, they may be approved if they are below 90% of the maximum levels established for the 221 (d) 3 program.

Federal Rent Supplement

Families living in projects constructed with Section 236 funds may be eligible for further assistance under the Federal Rent Supplement program. This program can be used to meet the MHFA requirement that 25% of the units be available for low income tenants.

Under this program, rent supplement payments are made by HUD on behalf of low-income tenants to non-profit or limited-dividend sponsors of multifamily rental housing units to be rented to families or individuals who cannot afford the 236 basic rentals. The supplement amounts to the difference between the monthly 236 basic rent charged for the units and what the low-income eligible tenants are able to pay, using 25% of their income.

The basic eligibility of families or individuals is determined by income level, which may not exceed the maximum limits established for public housing. In addition, those eligible shall either have been displaced by governmental action, be 62 years of age or over, physically handicapped, be an occupant of substandard housing, or have been an occupant of housing affected by natural disaster. There are also asset limitations amounting to \$5000 for elderly and \$2000 for other families and individuals.

The mortgagor or its delegated management is responsible for choice of tenants, for assisting tenants in making application for payments, and in obtaining yearly recertification of incomes for FHA approval. The amount of rent supplement decreases as tenant's income rises. Tenants need not move when their income surpasses the allowable income limits and they are able to afford the FHA-approved rental price of their unit.

Massachusetts Rental Assistance (Chapter 707 of G. L. Chapter 121)

This state program, administered through the Department of Community Affairs is similar to the Federal Leased Public Housing (Section 23) program. Units in projects to be financed by MHFA and made available at the below-market rentals and adjusted rentals to be established by MHFA are eligible for leasing under this program. There is a statutory limit of 40 percent on the proportion of units in a multi-dwelling (9 units or more) structure which can be occupied by rental assistance families, and there is a 20 percent limit on the proportion of units permitted in one block.

Families pay the same amount for housing under the rental assistance program as they would in regular state-financed local public housing. Selection of tenants is made by the local housing authority, and rental payments are made by the authority either directly to the owner, or to the tenant who then pays the owner.

For further information contact the local Housing Authority or the

Management Section of the
Department of Community Affairs,
100 Cambridge Street
Boston, Massachusetts

MHFA Preliminary Site Form
MHFA Development Team Form
MHFA Application for Mortgage Financing



Date _____

New Construction ☐

Rehabilitation ☐

PRELIMINARY SITE INFORMATION

Note: The following attachments must accompany this form: (1) map indicating the site location and a general plan of the area; (2) plan or sketch of the site showing boundaries, streets, existing buildings, easements, etc.; (3) Financial Statement; (4) Site Inspection Fee.

Name of Project _____

Name and Address of Sponsor/Developer _____

Address of Site _____

STATUS OF LAND

1. Under P & S Agreement ☐ Option Agreement ☐ Title Owner ☐
2. Kind of housing permitted under present zoning _____ Variance required? _____
3. Existing mortgage \$ _____ Mortgage holder _____
4. Date of purchase and consideration paid _____ \$ _____
5. Purchase price if under agreement \$ _____
6. Sponsor's valuation \$ _____ Current assessed value \$ _____
7. List three land or property sales in the immediate area for comparison: give cost and land area (or number of units if rehab)

PROPERTY DESCRIPTION

8. Gross square footage _____ Soil borings made? _____ (if yes, attach findings)
9. Any existing structures on site? _____ (show location on attached sketch)
10. Number of existing units _____ Number of existing units occupied _____
11. Any fill on site? _____ Depth of fill _____ Age fo fill _____ Type of fill _____
12. Describe any water on site _____
13. Describe any ledge on site _____

14. Briefly describe other features affecting construction on site _____

15. Public sewer _____ Public water _____ Sidewalks _____ Streets _____ Curbs _____

PROJECT INFORMATION

16. Is site in urban renewal area? _____ Is site in model cities area? _____
Name of official in urban renewal agency and/or model cities agency
who is familiar with this proposal _____
17. Is proposed project to be: Cooperative ☐ Condominium ☐ Rental ☐
18. Is proposed project to be: Garden ☐ High Rise ☐ Row ☐ Detached ☐
19. What is the total number of buildings planned? _____
20. What is the total number of dwelling units planned? ____: 0 BR ____,
1 BR ____, 2 BR ____, 3 BR ____, 4 BR ____, 5 BR ____, 6 BR _____
21. Will there be any commercial facilities? ____ Approx. square footage ____
Briefly describe _____

NEIGHBORHOOD INFORMATION

22. Public transportation _____ Distance to nearest stop from project _____
23. Describe and give distance to following facilities:
Restaurant _____ Drugstore _____
Laundry _____ Food store _____
Describe and locate any other facilities which might influence
the project, such as parks, recreation facilities, health facilities,
schools, churches, fire and police stations, etc. _____

24. Give the use, approximate age and condition of surrounding properties:
North _____ South _____
East _____ West _____
25. Additional information which might affect MHFA approval of the site:



Project No. _____

Date _____

New Construction ☐

Rehabilitation ☐

DEVELOPMENT TEAM INFORMATION

Sponsor (description and history of legal organization) Limited dividend ☐
Non-profit ☐

On a separate page please supply resume, including past experience in housing development and locations of completed projects, of the following members of the development team:

| | NAME & ADDRESS | TELEPHONE |
|---|----------------|-----------|
| <u>Proposed Developer:</u> | _____ | _____ |
| | _____ | |
| | _____ | |
| <u>Proposed Contractor</u> (is Contractor Bondable?) | _____ | _____ |
| | _____ | |
| | _____ | |
| <u>Proposed Attorney:</u> | _____ | _____ |
| | _____ | |
| | _____ | |
| <u>Proposed Architect:</u> | _____ | _____ |
| | _____ | |
| | _____ | |
| <u>Proposed Management Agent:</u> | _____ | _____ |
| | _____ | |
| | _____ | |

(Note: please include resume on project manager where available)



Project Number _____

Date _____

New Construction () Rehab ()

Non Profit () Limited Dividend ()

APPLICATION FOR MORTGAGE FINANCING

Name of Project _____

Address of Project _____

Name of Mortgagor _____

Address of Mortgagor _____

Signed _____

Title _____

Total Replacement Cost \$ _____ Equity Amount \$ _____

Loan Amount \$ _____ Construction () Rate _____ % No. of months _____

Permanent Loan () Rate _____ % Term _____ yrs. Constant _____

No. Apt. Units _____ No. Bldgs. _____ No. stories _____ No. Units 236 _____

No. Units Rent Supp. _____ No. Units Leased _____ No. Units Elderly _____

Type I (), Type II or III (), Type IV, V or VI (), Union Contract ()

Mortgage Amt./Unit \$ _____ Land Value \$ _____ Land Value/Unit \$ _____

Total Sq. Footage _____ Gross Area/Apt. _____ Const. Cost/Sq. Ft. \$ _____

Avg. No. Bedrooms _____ No. Parking Spaces: outdoor _____ . enc. _____ Spaces/Unit _____

Special Features of Project _____

Equipment and Services to be Included in Rent:

light (), cooking (), electric heat (), gas heat (), oil heat (), refrig. (), elevators (no.),

gas range (), elec. range (), dishwasher (), disposal (), exhaust fan (), central a.c. (),

window a.c. (), carpet (), drapes (), swimming pool (),

Other Tenant Amenities _____

FOR AGENCY USE

site fee amt. \$ _____ date rec'd _____ appl. fee amt. \$ _____ date rec'd _____

presented to Board by _____ date approved by Board _____

MONTHLY RENTAL SCHEDULE

Mortgage Appl. page 2

STATUTORY RENT COMPUTATIONS

Bedrooms
(SF)
NO. RENT

Bedrooms
(SF)
NO. RENT

Bedrooms
(SF)
NO. RENT

Bedrooms
(SF)
NO. RENT

| | | | | | | | | | | |
|---|--|--|--|--|--|--|--|--|--|--|
| 1. Market Rate % @ yrs. constant | | | | | | | | | | |
| 2. MHFA Below Mkt. Rate % @ yrs. constant | | | | | | | | | | |
| 3. MHFA Rents adjusted Down 10% | | | | | | | | | | |
| ***** | | | | | | | | | | |
| ACTUAL RENTS | | | | | | | | | | |
| 4. With 236 Subsidy (or State Subsidy) | | | | | | | | | | |
| 5. MHFA Rents (Adjusted Upward) | | | | | | | | | | |
| 6. MHFA Rents (Skewed down) | | | | | | | | | | |
| 7. Rent to be paid by Local Housing Auth. | | | | | | | | | | |
| 8. Rent paid by Tenants to Housing Authority | | | | | | | | | | |
| 9. Rent paid by Tenants under Rent Supp. | | | | | | | | | | |

Residential Rents — totals from lines 4 thru 7 X 12 = \$ _____
 Plus 236 subsidy \$ _____
 Less residential vacancy (\$ _____)

SUB-TOTAL-RESIDENTIAL RENTS

\$ _____

Commercial: ground area ___ sq. ft. @ ___/sq.ft./yr. \$ _____
 other levels ___ sq. ft. @ ___/sq.ft./yr. \$ _____
 Less ___% Commercial vacancy

SUB-TOTAL COMMERCIAL

\$ _____

Parking: ___ spaces @ \$ _____ month X 12 = \$ _____
 Less ___% Parking Vacancy (\$ _____)

Other Income: \$ _____

SUB-TOTAL OTHER INCOME

\$ _____

TOTAL ESTIMATED INCOME

\$ _____ (1)

Expenses: total operating expenses (line 1, page 3) \$ _____
 real estate taxes (line 2, page 3) \$ _____

TOTAL EXPENSES

\$ _____ (2)

Debt Service: annual payment for interest & principal to MHFA

\$ _____ (3)

Dividend Distribution: 6% on \$ _____ (equity) (line 3, page 3)

\$ _____ (4)

Combination of lines 1 thru 4 should equal "0"

---0---

Management Fee _____

(This fee includes all direct
and indirect costs of collecting
rents and any salary or other
payment to project manager)

Operating

(attach schedule of source of quotes. For example, Boston Gas, Otis Elevator, etc.)

| | |
|-----------------------------|-------|
| fuel, cooking (type_____) | _____ |
| fuel, heating (type_____) | _____ |
| fuel hotwater (type_____) | _____ |
| electric power | _____ |
| water | _____ |
| elevator power | _____ |
| elevator maintenance | _____ |
| pool maintenance | _____ |
| garbage & trash removal | _____ |
| payroll (attach schedule) | _____ |
| employee payroll taxes | _____ |
| insurance | _____ |
| janitorial materials | _____ |
| ground & drives maintenance | _____ |
| snow removal | _____ |
| exterminating | _____ |
| advertising | _____ |
| legal & accounting | _____ |

Subtotal Operating _____

Maintenance

decorating
(\$_____/unit every_____yrs) _____
repairs (\$_____/unit per year) _____

Subtotal Maintenance _____

Replacement Reserve (attach schedule of calculations) _____

TOTAL ANNUAL OPERATING EXPENSES \$ _____ (1)

Real Estate Taxes @ _____%

(attach letters confirming arrangement and details) \$ _____ (2)

Return on Equity Investment \$ _____ @ 6% rate \$ _____ (3)

TOTAL ANNUAL PROJECT EXPENSES \$ _____

Construction Costs

residential sq. ft. ()
community sq. ft. ()
commercial sq. ft. ()
total sq. ft. ()

demolition and site work _____
residential space or building _____
community space or building _____
commercial space or building _____

Subtotal Direct Costs _____

Construction Fees

surveys, permits, etc. _____
bond premium (____%) _____
architects fee-design (____%) _____
architects fee-inspection (____%) _____

Subtotal Construction Fees _____

TOTAL CONSTRUCTION COST \$ _____(1)

General Development Costs

construction loan interest
____mos. ____% on \$ _____
real estate taxes _____
insurance _____
MHFA site inspection fee _____
MHFA application fee _____
MHFA financing fee (____1%) _____
legal fees _____
title & recording expenses _____
organizational & accounting _____
rent-up and marketing expenses _____
relocation _____

credit for rental income _____

GENERAL DEVELOPMENT COSTS \$ _____(2)

Developer's Fee (____%) of lines 1 & 2 \$ _____(3)

Land () sq. ft. @ \$ _____ per square foot \$ _____(4)

TOTAL REPLACEMENT COST
(lines 1, 2, 3, 4) \$ _____(5)

Less Equity Amounts (itemize) _____

Less total equity \$ _____(6)

TOTAL LOAN AMOUNT \$ _____(7)
(line 5 less line 6)

JOINT MANAGING
UNDERWRITERS

PAINE, WEBBER,
JACKSON & CURTIS
24 Federal Street
Boston,
Massachusetts 20101

PAINE, WEBBER,
JACKSON & CURTIS
140 Broadway
New York,
New York 10005

PHELPS, FENN
& COMPANY
39 Broadway
New York,
New York 10006

BOND COUNSEL

MUDGE, ROSE,
GUTHRIE &
ALEXANDER
20 Broad Street
New York,
New York 10005

OUTSIDE LEGAL
COUNSEL

NESSEN & CSAPLAR
84 State Street
Boston,
Massachusetts

PAYING AGENTS
AND DEPOSITORIES

NEW YORK:
Morgan Guaranty
Trust Company

BOSTON:
State Street Bank
& Trust Company

New England
Merchants National
Bank

First National
Bank of Boston

National Shawmut
Bank

Old Colony Trust
Company

Boston Safe Deposit
& Trust Company

ADVISORY COMMITTEE

Reverend Michael F. Groden
Chairman

Denis Blackett

Reverend Edward Blackman

John J. Coughlin

Maria Dwight

Raymond H. Elliott

Ellen Feingold

Langley Keyes

John W. Kunhardt

Giles E. Mosher, Jr.

Richard Scobie

James L. Terry

Daniel Weisberg

Cornelia B. Wheeler

Ellen Snyder
Administrative Assistant to
the Advisory Committee

J12
M2
Mass. Housing Finance
Agency.

Operations Handbook for Finan-
cing of Multi-Dwelling Housing

DATE

Revised ISSUED TO 11/1/71

Revised
11/1/71

